




Alternative Fuel Vehicles Eligible for Federal Income Tax Credit

Qualifying alternative fuel vehicles (AFVs) purchased or placed into service between January 1, 2005 and December 31, 2010 may be eligible for a federal income tax credit of up to \$4,000.

AFVs Certified for the New Energy Tax Credit

Honda		
	2005-07 Honda Civic GX	CNG
		\$4,000
Sources: Honda Vehicles Certified to Operate on Compressed Natural Gas (IRS, July 11, 2006) Honda Compressed Natural Gas Vehicle Certified for Tax Credit (IRS, Nov. 22, 2006)		

To be eligible for this tax credit, the vehicle must operate only on alternative fuel. The following alternative fuels qualify:

- Compressed natural gas (CNG)
- Liquefied natural gas (LNG)
- Liquefied petroleum gas (LPG)
- Hydrogen
- Any liquid at least 85% methanol by volume

Additional vehicle requirements:

- Its original use commences with the taxpayer.
- It is acquired for use or lease by the taxpayer, and not for resale. (The credit is only available to the original purchaser of a new, qualifying vehicle. If a qualifying vehicle is leased to a consumer, the leasing company may claim the credit.)
- It is used mostly in the United States.

The IRS has yet to provide guidance on using credits to reduce alternative minimum tax liability and rules relating to recapture of credit (e.g., if the vehicle is re-sold).

Other Tax Incentives

Some state and local governments also provide incentives for AFVs. Check with your state or local government or view the U.S. Department of Energy's list of State & Federal Incentives & Laws (http://www.eere.energy.gov/afdc/laws/incen_laws.html)

For More Information

Visit www.fueleconomy.gov.

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